



**SECURITIES AND
FUTURES COMMISSION**
證券及期貨事務監察委員會

Guidelines on Continuous Professional Training

持續培訓的指引

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1. Introduction

- 1.1 The financial industry is characterized by rapid change and innovative products. In a changing technical and professional environment, persons engaging in regulated activities should continuously update their knowledge and skills through continuous professional training (“CPT”) in order to maintain their professional competence to remain fit and proper.
- 1.2 The whole spirit of the CPT requirements, specifically the fitness and properness requirements, is to ensure that a person engaging in regulated activities remains "fit" by undergoing training that enhances his technical skills and professional expertise; and "proper" by periodically refreshing himself on the relevant ethical standards and regulatory knowledge.
- 1.3 The Guidelines on Continuous Professional Training are made under section 399 of the Securities and Futures Ordinance, Cap. 571 (“SFO”) to replace the 2nd Edition of the Guidance Note on Continuous Professional Training issued in June 2001 by the Securities and Futures Commission (“SFC”). They aim to provide general guidance for persons to comply with the CPT requirements.
- 1.4 These Guidelines do not have the force of law and should not be interpreted in a way that would override the provisions of any applicable laws, codes or other regulatory requirements. Failure to follow these Guidelines may reflect adversely on the fitness and properness of a person to continue to carry on the regulated activities.
- 1.5 These Guidelines should be read in conjunction with the Fit and Proper Guidelines and the Guidelines on Competence, which set out the general expectations of what is necessary to satisfy the requirements of fitness and properness and the initial competence requirements respectively.

2. Application and Interpretation

- 2.1 These Guidelines are applicable to the following persons carrying on any regulated activities:
- (a) a licensed representative under Part V of the SFO;
 - (b) a licensed representative who is approved as a responsible officer under Part V of the SFO;
 - (c) a licensed corporation under Part V of the SFO;
 - (d) a registered institution under Part V of the SFO;
 - (e) an individual whose name is entered in the register maintained by the Hong Kong Monetary Authority (“HKMA”) under section 20 of the Banking Ordinance (“relevant individual”); and
 - (f) an individual who has been given consent to act as an executive officer of a registered institution under section 71C of the Banking Ordinance.
- 2.2 For the purposes of these Guidelines, persons in 2.1(a), (b), (e) and (f) above are collectively known as “individuals” while persons in 2.1(c) and (d) above are named “corporations”.

3. Objectives of CPT

- 3.1 CPT is the systematic maintenance, improvement and broadening of knowledge and skills to enable individuals carrying on regulated activities to perform their duties competently and professionally. The objectives of the CPT program are:
- (a) to maintain and enhance their technical knowledge and professional expertise;
 - (b) to provide reasonable assurance to investors at large that they have the technical knowledge, professional skills and ethical standards required to perform the regulated activities efficiently, effectively and fairly; and
 - (c) to maintain and enhance Hong Kong's international reputation for high professional standards.
- 3.2 The SFC believes that the objectives of CPT could not be achieved solely through work experience or "on the job" training. The SFC believes that it will generally be necessary for individuals to undertake CPT if they are to remain fit and proper.
- 3.3 The requirements for CPT will vary according to the size and nature of the business and the nature of the responsibilities to be undertaken by an individual. Rather than mandating particular programs, these Guidelines describe the general attributes of the CPT program.

4. CPT Requirements

4.1 The obligations to conduct and maintain CPT will be imposed upon all corporations and individuals.

4.2 *Obligations of Corporations*

4.2.1 Corporations are held primarily responsible for designing and implementing a continuous education program best suited to the training needs of the individuals they engaged and which will enhance their industry knowledge, skills and professionalism. The apportioning of training costs will be a matter between the corporations and the individuals they engaged.

4.2.2 Corporations should at least annually evaluate their training programs and make commensurate adjustments to cater for the training needs of the individuals they engaged.

4.2.3 In developing the training programs, consideration should be given to the corporation's size, organizational structure, risk management system, scope of business activities as well as the prevailing regulatory framework and market development.

4.2.4 The training programs can be provided internally or the corporations can make use of appropriate external sources. In selecting training courses for the individuals they engaged, corporations should satisfy themselves on the quality of the trainers and the standard of the training programs. They should also ensure that the contents of such courses are appropriately structured and of benefit to the individuals in performing their functions. Subjects relevant to the individuals' functions and which may help to enhance the performance of their functions would meet the CPT purpose.

4.2.5 The Academic and Accreditation Advisory Committee ("AAAC") of the SFC does not endorse any training courses whether provided internally or externally. Corporations should keep the details of the training conducted, the attendance records, and materials provided for individuals who have completed the training, etc.

4.2.6 Sufficient records on the programs and the CPT activities undertaken by the individuals should be kept for a minimum of 3 years and be made available for inspection or upon request by the SFC (for training undertaken by licensed representatives and responsible officers of licensed corporations) or the HKMA (for training undertaken by relevant individuals and executive officers of registered institutions).

4.3 *Obligations of Individuals*

4.3.1 Individuals must remain fit and proper at all times. One such assessment criterion is that he is continuously competent to perform the regulated activities. The SFC believes that an individual's competence may be achieved by undertaking training that enhances his technical skills, professional expertise, ethical standards and regulatory knowledge.

4.3.2 An individual must undertake a minimum of 5 CPT hours per calendar year for each regulated activity he engages in except for Type 7 (providing automated trading services) regulated activity.

4.3.3 However, in considering that the regulated activities can be classified into different groups for the purposes of meeting the competence requirements¹ (also see Appendix C of the Guidelines on Competence), a similar approach will apply to CPT requirements to facilitate compliance. For instance, an individual engaging in Types 1, 4 and/or 8 regulated activities has to take only 5 CPT hours per calendar year as these are under the same competence group. However, if an individual carries on regulated activities Types 1, 2 and 3, he has to take $5 \times 3 = 15$ CPT hours per calendar year.

¹ Groups of regulated activities with the same competence requirements:

| Type of regulated activities |
|--|
| 1 – dealing in securities |
| 4 – advising on securities |
| 8 – securities margin financing |
| 2 – dealing in futures contracts |
| 5 – advising on futures contracts |
| 3 – leveraged foreign exchange trading |
| 6 – advising on corporate finance |
| 9 – asset management |

- 4.3.4 If an individual can show that a particular course is relevant to more than one competence group, he may claim it as CPT in respect of all the relevant regulated activities.
- 4.3.5 Individuals are also required to retain appropriate records of all CPT activities completed in a calendar year. Documentary evidence sufficient to support their attendance or completion of the CPT activities such as certificates of attendance issued by the course providers and examination results should be kept by the individuals for a minimum of 3 years. The SFC may request representatives and responsible officers of licensed corporations, and the HKMA may request relevant individuals and executive officers of registered institutions, to produce such documentary evidence as and when required.
- 4.3.6 The SFC or the HKMA (as the case may be) may impose a higher CPT hours requirement under certain circumstances. An example is for a person seeking exemption from completing a recognized local regulatory framework paper. Please refer to the Guidelines on Competence for details of the exemption criteria and the additional CPT hours required.

5. Points to Note

- 5.1 Several practical issues regarding the accumulation of CPT hours are set out in the following paragraphs:
- (a) the CPT hours required for an individual, who is first licensed or has obtained approval to engage in new regulated activities during the year, can be applied pro-rata with reference to the licence or approval period. For example, a person who was licensed to carry out Type 1 regulated activity was approved to undertake Type 2 regulated activity in June, then the total number of CPT hours required of him for the year would be 7.5, comprising 5 hours for Type 1 and 2.5 hours for Type 2;
 - (b) the training courses attended prior to the date of approval to engage in new regulated activities but within the same calendar year can be counted as CPT hours, this would include study hours for fulfilling competence requirements if a pass in the relevant exam is proven;
 - (c) when an individual changes his employer within the same calendar year, he can carry forward his CPT hours earned at the old employer. The new employer does not need to get the CPT information from the old employer. It can rely on the declaration and the documentary evidence provided by the individual;
 - (d) it is not necessary for an individual to apportion his CPT hours earned with reference to his periods of employment with the old and new employers;
 - (e) the new employer will not be accountable for the individual who has not earned enough CPT hours at his old employer. However, it has to ensure that the individual meets the yearly 5 CPT hours thereafter; and
 - (f) excess CPT hours accumulated in one calendar year cannot be carried forward to the following year.

6. Activities Relevant for CPT Purposes

- 6.1 CPT hours are time spent by individuals in undertaking CPT activities. The CPT activities should be of relevance to the functions to be performed by them and of significant intellectual and practical contents which involve interaction with other individuals.
- 6.2 The following are acceptable means of achieving CPT:
- (a) attending courses, workshops, lectures and seminars;
 - (b) distance learning which requires submission of assignments;
 - (c) self-study with independent assessments;
 - (d) industry research;
 - (e) publication of papers;
 - (f) delivery of speeches;
 - (g) giving lectures or teaching;
 - (h) providing comments to industry consultation papers;
 - (i) attending meetings or undertaking activities as members of SFC's regulatory committees or official working groups²; and
 - (j) for attending luncheon talks which normally last for 1 to 2 hours in total, 0.5 hours will be counted.
- 6.3 Normal working activities, general reading of financial press or technical, professional, financial or business literature and activities which do not involve interaction with other individuals will generally not be regarded as CPT activities.

² Official working groups mean any formal working group set up for the purpose of making decisions on a predetermined subject, meetings of which are presided by a chairman and with minutes.

7. Topics Relevant for CPT Purposes

- 7.1 Individuals are required to remain fit and proper to perform their functions at a professional level. Relevant topics for individuals at the representative or relevant individual level include, amongst others:
- (a) applicable compliance, legislative and regulatory standards;
 - (b) business conduct and ethical standards;
 - (c) new financial products in the industry and the associated risk management systems;
 - (d) business communication skills and trade practices;
 - (e) general law principles;
 - (f) computer knowledge;
 - (g) basic accounting theories; and
 - (h) fundamental economic analysis.
- 7.2 Relevant topics for responsible officers or executive officers of registered institutions who play a crucial role in ensuring effective corporate governance and control may, in addition to the above topics, include the following:
- (a) business management;
 - (b) risk management and control strategy;
 - (c) general management and supervisory skills;
 - (d) macro and micro economic analysis; and
 - (e) financial reporting and quantitative analysis.
- 7.3 The SFC would like to stress that the above topics are examples only and they are by no means exhaustive.
- 7.4 Generally speaking, language courses cannot be counted as CPT whereas management training can be counted towards CPT if the training assists in enhancing the person's ability to carry out the regulated activities.
- 7.5 Seminars given by the SFC pertaining to regulatory updates and other relevant topics can also be counted.
- 7.6 Repeatedly undertaking the same CPT activity of the same content will not satisfy the requirements.

8. Consequences of Non-Compliance

- 8.1 Failure by a corporation to have in place appropriate CPT program or maintain records thereof, including those in respect of the CPT compliance of the individuals they engaged will cast doubt on its fitness and properness to remain licensed or registered. Similarly, failure by an individual to comply with the minimum CPT requirements or to keep appropriate records on the CPT activities undertaken will raise doubt on his fitness and properness. These failures may lead to disciplinary action by the SFC or the HKMA³.
- 8.2 Breaches of any of the requirements of these Guidelines will, in the absence of extenuating circumstances, reflect adversely on the fitness and properness of the individuals and corporations. Nevertheless, the SFC or the HKMA will adopt a pragmatic approach taking into account the circumstances and the facts of the case before taking any action.

³ The HKMA may take disciplinary action on a relevant individual or an executive officer of a registered institution.

9. Role of the Academic and Accreditation Advisory Committee

- 9.1 The AAAC of the SFC is comprised of representatives from the SFC, the industry and academic institutions. It will consider applications as recognized institutions for CPT purposes from professional bodies and tertiary institutions only. Applications should be made to the Secretary of the AAAC in the *“Application Form for Professional Bodies and Tertiary Institutions for Approval as Recognized Institution”*, which can be downloaded from the SFC’s website at www.hksfc.org.hk or obtained from the SFC Licensing Counter.
- 9.2 The criteria for approval as a recognized institution for providing CPT include the following:
- (a) How long has it been established;
 - (b) Track record of at least 3 years in training;
 - (c) Has and will develop training related to regulated activities;
 - (d) Has set up independent committee which is represented by industry participants to develop and ensure quality of training;
 - (e) There is ongoing evaluation of training programs;
 - (f) The trainers are professionally qualified and with relevant industry experience;
 - (g) The training is interactive (self-study without assignments or examinations are not acceptable); and
 - (h) There is attendance control in place, attendance certificates will be issued and attendance records will be kept for at least 3 years.
- 9.3 The AAAC has endorsed a list of recognized institutions for providing CPT. Institutions that provide recognized industry qualifications for competence purpose can also provide CPT courses. A full list is attached as Appendix. The list will be updated and posted on the SFC’s website as and when changes occur.
- 9.4 The AAAC will not pre-endorse each individual course. Generally, it is expected that the contents of these courses will relate to the lists of topics given in paragraphs 7.1 and 7.2 of these Guidelines.
- 9.5 The AAAC will regularly review the CPT requirements to ensure that they meet general market needs and international standards.

List of Approved CPT Providers

Tertiary institutions and professional bodies that have been approved by the AAAC as recognized institutions for providing CPT are as follows:

- (1) Hong Kong Institute of Bankers
- (2) The Financial Services Development Centre of the Vocational Training Council
- (3) Hong Kong Stockbrokers Association Limited
- (4) The Hong Kong Society of Financial Analysts Limited
- (5) The Institute of Securities Dealers Limited
- (6) The School of Professional and Continuing Education (“SPACE”) of the University of Hong Kong
- (7) Hong Kong Exchanges and Clearing Limited
- (8) The Hong Kong Institute of Company Secretaries
- (9) Hong Kong Investment Funds Association
- (10) Department of Accountancy of the Hong Kong Polytechnic University
- (11) School of Professional Education and Executive Development (“SPEED”) of the Hong Kong Polytechnic University
- (12) School of Continuing Education of the Hong Kong Baptist University

Institutions that provide recognized industry qualifications for competence purpose can also provide CPT courses. These are:

- (1) Hong Kong Securities Institute (Hong Kong)
- (2) The National Association of Securities Dealers, Inc. (US)
- (3) The Association for Investment Management and Research (US)
- (4) The Securities Institute of Australia (Australia)
- (5) The Securities Institute (UK)
- (6) Canadian Securities Institute (Canada)
- (7) Japan Securities Dealers Association (Japan)

Note: Only training programs relevant to the regulated activities for which an individual engaged in would serve the CPT purpose. Individuals are advised to select topics that are related to their regulated activities and will enhance their professionalism to satisfy the CPT requirements.